

REFERENCE TITLE: tax relief package; 2007

State of Arizona
House of Representatives
Forty-eighth Legislature
First Regular Session
2007

HB 2784

Introduced by
Representative Boone (with permission of committee on Rules)

AN ACT

AMENDING TITLE 20, CHAPTER 2, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 20-224.06 AND 20-224.07; AMENDING SECTIONS 42-2001, 42-13054, 42-15001, 42-15006, 43-401, 43-1021, 43-1022, 43-1074.01, 43-1088, 43-1089, 43-1089.01, 43-1111, 43-1168 AND 43-1183, ARIZONA REVISED STATUTES; RELATING TO TAXATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Title 20, chapter 2, article 1, Arizona Revised Statutes,
3 is amended by adding sections 20-224.06 and 20-224.07, to read:

4 20-224.06. Premium tax credit for employment at employment
5 centers: definitions

6 A. A LIFE INSURER OR PROPERTY AND CASUALTY INSURER THAT INCURS PREMIUM
7 TAX LIABILITY PURSUANT TO THIS TITLE MAY CLAIM A CREDIT AGAINST THAT TAX
8 LIABILITY AND ANY RETALIATORY TAXES INCURRED BY THE INSURER PURSUANT TO
9 SECTION 20-230 FOR GROSS WAGES PAID BY THE INSURER AND ITS AFFILIATES TO
10 EMPLOYEES WHO ARE EMPLOYED AT AN EMPLOYMENT CENTER IN THIS STATE. THE AMOUNT
11 OF THE CREDIT IS EQUAL TO FIFTEEN PER CENT OF THE GROSS WAGES PAID IN THE
12 CURRENT YEAR BY THE INSURER AND ITS AFFILIATES TO EMPLOYEES WHO ARE EMPLOYED
13 AT AN EMPLOYMENT CENTER IN THIS STATE, BUT SHALL NOT EXCEED THE LESSER OF:

14 1. FOUR HUNDRED TWENTY-FIVE THOUSAND DOLLARS.

15 2. SIXTY-FIVE PER CENT OF THE INSURER'S PREMIUM TAX AND RETALIATORY
16 TAX LIABILITY IN THE CURRENT YEAR.

17 B. TO QUALIFY FOR THE CREDIT PURSUANT TO THIS SECTION:

18 1. THE INSURER MUST:

19 (a) OPERATE AT LEAST ONE EMPLOYMENT CENTER IN THIS STATE THAT
20 QUALIFIES FOR THE PURPOSES OF THIS SECTION.

21 (b) OWN OR LEASE MORE THAN FIFTY THOUSAND SQUARE FEET OF OFFICE SPACE
22 AT AN EMPLOYMENT CENTER LOCATED IN THIS STATE.

23 2. THE INSURER MUST MAINTAIN A WORKFORCE OF AT LEAST ONE HUNDRED FIFTY
24 FULL-TIME EMPLOYEES AT AN EMPLOYMENT CENTER IN THIS STATE.

25 3. ALL OF THE GROSS WAGES WITH RESPECT TO WHICH A CREDIT IS CLAIMED
26 MUST BE PAID TO EMPLOYEES WHO RESIDE IN THIS STATE AND WHO ARE EMPLOYED BY
27 THE INSURER OR ITS AFFILIATES AT THE EMPLOYMENT CENTER IN THIS STATE. ALL
28 GROSS WAGES PAID BY THE INSURER AND ITS AFFILIATES TO EMPLOYEES EMPLOYED AT
29 EMPLOYMENT CENTERS IN THIS STATE ARE ELIGIBLE TO BE USED FOR THE PURPOSES OF
30 CALCULATING THE CREDIT.

31 4. THE INSURER OR ITS AFFILIATES MUST:

32 (a) PROVIDE ADMINISTRATIVE AND SUPPORT SERVICES FOR THE INSURER IN
33 EACH STATE IN WHICH THE INSURER OR ITS AFFILIATES ARE LICENSED OR IN THREE OR
34 MORE OF THESE STATES, WHICHEVER IS LESS.

35 (b) SPEND AT LEAST FIVE MILLION DOLLARS ANNUALLY FOR ADMINISTRATIVE
36 AND OPERATING EXPENSES IN THIS STATE.

37 5. THE INSURER MUST APPLY TO THE DIRECTOR ON FORMS PRESCRIBED BY THE
38 DEPARTMENT NO LATER THAN SEPTEMBER 15 OF THE YEAR IN WHICH THE INSURER
39 INTENDS TO CLAIM THE CREDIT. A FAILURE TO TIMELY SUBMIT A CORRECT AND
40 COMPLETE APPLICATION IN THE MANNER PRESCRIBED BY THE DEPARTMENT CONSTITUTES A
41 WAIVER OF THE CREDIT. THE INSURER MUST INCLUDE WITH THE APPLICATION EVIDENCE
42 OF MEETING OR CERTIFICATION THAT IT MEETS THE REQUIREMENTS PRESCRIBED IN THIS
43 SECTION TO QUALIFY FOR THE CREDIT.

44 C. AN INSURER THAT CLAIMS A TAX CREDIT UNDER SECTION 20-224.03 OR
45 20-224.04 IS NOT ELIGIBLE TO CLAIM A CREDIT UNDER THIS SECTION.

1 D. ANY INFORMATION SUBMITTED BY AN INSURER TO THE DEPARTMENT UNDER
2 THIS SECTION IS CONFIDENTIAL, IS EXEMPT FROM TITLE 39, CHAPTER 1, ARTICLE 2
3 AND IS NOT SUBJECT TO DISCLOSURE EXCEPT TO THE EXTENT THE INSURER THAT
4 PROVIDED THE INFORMATION CONSENTS TO THE DISCLOSURE.

5 E. AN INSURER THAT CLAIMS A CREDIT UNDER THIS SECTION AGAINST ITS
6 PREMIUM TAX LIABILITY IS NOT REQUIRED TO PAY ANY ADDITIONAL RETALIATORY TAX
7 THAT IS IMPOSED PURSUANT TO SECTION 20-230 AS A RESULT OF CLAIMING THAT TAX
8 CREDIT.

9 F. THE DEPARTMENT MAY ADOPT RULES NECESSARY FOR THE ADMINISTRATION OF
10 THIS SECTION.

11 G. FOR THE PURPOSES OF THIS SECTION:

12 1. "AFFILIATE" INCLUDES ANY COMPANY OR BUSINESS ENTITY THAT, DIRECTLY
13 OR INDIRECTLY, THROUGH ONE OR MORE INTERMEDIARIES CONTROLS, IS CONTROLLED BY
14 OR IS UNDER COMMON CONTROL WITH AN INSURANCE COMPANY OR AN INSURANCE HOLDING
15 COMPANY.

16 2. "EMPLOYMENT CENTER" INCLUDES AN ADDRESS OR ADJACENT ADDRESSES IN
17 WHICH THE INSURER OR ITS AFFILIATES CONDUCT BUSINESS.

18 3. "GROSS WAGES" MEANS GROSS COMPENSATION THAT IS PAID TO EMPLOYEES IN
19 THIS STATE BY AN INSURER AND ITS AFFILIATES AS REPORTED IN THE CURRENT YEAR
20 FOR STATE INCOME TAX PURPOSES. GROSS WAGES DO NOT INCLUDE AMOUNTS PAID AS
21 COMMISSIONS TO PERSONS FOR SELLING, SOLICITING OR NEGOTIATING INSURANCE OR TO
22 INDEPENDENT CONTRACTORS OF THE INSURER OR ITS AFFILIATES BUT DO INCLUDE
23 BONUSES THAT ARE PAID TO EMPLOYEES OF THE INSURER OR ITS AFFILIATES.

24 4. "INSURER" MEANS A LIFE INSURER OR PROPERTY AND CASUALTY INSURER
25 THAT IS SUBJECT TO PREMIUM TAX LIABILITY PURSUANT TO THIS TITLE.

26 20-224.07. Premium tax credit for contributions to school
27 tuition organization

28 A. THROUGH JUNE 30, 2011, A CREDIT IS ALLOWED AGAINST THE PREMIUM TAX
29 LIABILITY INCURRED BY AN INSURER PURSUANT TO SECTION 20-224, 20-837, 20-1010,
30 20-1060 OR 20-1097.07 FOR THE AMOUNT OF VOLUNTARY CASH CONTRIBUTIONS MADE BY
31 THE INSURER DURING THE TAX YEAR TO A SCHOOL TUITION ORGANIZATION.

32 B. THE AMOUNT OF THE CREDIT IS THE TOTAL AMOUNT OF THE INSURER'S
33 CONTRIBUTIONS FOR THE TAX YEAR UNDER SUBSECTION A OF THIS SECTION THAT IS
34 PREAPPROVED BY THE DEPARTMENT OF REVENUE PURSUANT TO SECTION 43-1183,
35 SUBSECTION D.

36 C. THE PROCEDURES, CONDITIONS, LIMITATIONS, DEFINITIONS AND OTHER
37 REQUIREMENTS PRESCRIBED BY SECTION 43-1183 APPLY TO:

38 1. INSURERS THAT CLAIM A CREDIT UNDER THIS SECTION.

39 2. CLAIMS FOR CREDIT UNDER THIS SECTION.

40 3. SCHOOL TUITION ORGANIZATIONS THAT RECEIVE CONTRIBUTIONS FROM
41 INSURERS FOR THE PURPOSES OF THIS SECTION.

42 4. SCHOOLS THAT QUALIFY TO RECEIVE SCHOLARSHIP MONIES CONTRIBUTED BY
43 INSURERS FOR THE PURPOSES OF THIS SECTION.

44 5. STUDENTS WHO RECEIVE SCHOLARSHIPS FROM MONIES CONTRIBUTED BY
45 INSURERS FOR THE PURPOSES OF THIS SECTION.

D. IF THE ALLOWABLE AMOUNT OF A CREDIT UNDER THIS SECTION EXCEEDS THE INSURER'S STATE PREMIUM TAX LIABILITY, THE AMOUNT OF THE CLAIM NOT USED TO OFFSET THE PREMIUM TAX LIABILITY MAY BE CARRIED FORWARD AS A CREDIT AGAINST THE INSURER'S SUBSEQUENT YEARS' PREMIUM TAX LIABILITY FOR A PERIOD NOT TO EXCEED FIVE TAXABLE YEARS.

E. A CREDIT IS NOT ALLOWED IF THE INSURER DESIGNATES THE CONTRIBUTION FOR THE DIRECT BENEFIT OF ANY SPECIFIC STUDENT.

F. THE DEPARTMENT OF INSURANCE, WITH THE COOPERATION OF THE DEPARTMENT OF REVENUE, SHALL ADOPT RULES AND PUBLISH AND PRESCRIBE FORMS AND PROCEDURES NECESSARY FOR THE ADMINISTRATION OF THIS SECTION.

Sec. 2. Section 42-2001, Arizona Revised Statutes, is amended to read: 42-2001. Definitions

In this article, unless the context otherwise requires:

1. "Affidavits" includes forms received to report nontaxable estates.

2. "Confidential information":

(a) Includes the following information whether it concerns individual taxpayers or is aggregate information for specifically identified taxpayers:

(i) Returns and reports filed with the department for income tax, withholding tax, transaction privilege tax, luxury tax, use tax, rental occupancy tax, property tax, estate tax and severance tax.

(ii) Affidavits, reports or other information filed relating to taxable and nontaxable estates.

(iii) Applications for transaction privilege licenses, luxury tax licenses, use tax licenses and withholding licenses.

(iv) Information discovered concerning taxes and receipts by the department, whether or not by compulsory process.

(v) Return information obtained from the United States internal revenue service and United States bureau of alcohol, tobacco and firearms.

(vi) Information supplied at the special request of the department by a taxpayer which the taxpayer requests to be held in confidence.

(vii) Guidelines, standards or procedures that are established by the department for, or other information relating to, selecting returns or taxpayers for examination or settling or compromising any tax liability.

(viii) A taxpayer's identity, the nature, source or amount of the taxpayer's income, payments, receipts, deductions, exemptions, credits, assets, liabilities, net worth, tax liability, tax withheld, deficiencies, overassessments or tax payments, whether the taxpayer's return was, is being or will be examined or subject to investigation, collection or processing or any other data received by, recorded by, prepared by, furnished to or collected by the department with respect to a return or with respect to the termination, or possible existence, of liability of any person for any tax, penalty or interest imposed pursuant to this title or title 43.

(ix) INFORMATION SUPPLIED BY AN EMPLOYEE TO AN EMPLOYER REGARDING THE EMPLOYEE'S ELECTION TO HAVE THE EMPLOYEE'S WITHHOLDING TAX REDUCED FOR THE

PURPOSES OF CONTRIBUTIONS TO QUALIFIED SCHOOL TUITION ORGANIZATIONS OR PUBLIC SCHOOLS PURSUANT TO SECTION 43-401, SUBSECTION H.

(b) Does not include information which is otherwise a public record.

3. "Report" includes a notice of insurance payments, a request for a release of a bank account and an inventory of a safe deposit box.

4. "Return" includes any form prescribed by the department and any supporting schedules, attachments and lists.

5. "Tax administration" includes assessment, collection, investigation, litigation, statistical gathering functions, enforcement, policy making functions or management of those functions of the tax revenue laws of this state.

6. "Taxpayer", with respect to a joint return, means either party.

Sec. 3. Section 42-13054, Arizona Revised Statutes, is amended to read:

42-13054. Taxable value of personal property; depreciated values of personal property in class one and class two (P)

A. The taxable value of personal property that is valued by the county assessor is the result of acquisition cost less any appropriate depreciation as prescribed by tables adopted by the department. The taxable value shall not exceed the market value.

B. Except as provided in subsection C of this section and notwithstanding any other statute, the assessor shall adjust the depreciation schedules prescribed by the department as follows to determine the valuation of PERSONAL PROPERTY:

1. FOR personal property that is initially classified during or after tax year 1994 THROUGH TAX YEAR 2006 as class one, paragraph 8, 9, 10 or 13 pursuant to section 42-12001 and personal property that is initially classified during or after tax year 1995 THROUGH TAX YEAR 2006 as class two (P) pursuant to section 42-12002:

~~1.~~ (a) For the first tax year of assessment, the assessor shall use thirty-five per cent of the scheduled depreciated value.

~~2.~~ (b) For the second tax year of assessment, the assessor shall use fifty-one per cent of the scheduled depreciated value.

~~3.~~ (c) For the third tax year of assessment, the assessor shall use sixty-seven per cent of the scheduled depreciated value.

~~4.~~ (d) For the fourth tax year of assessment, the assessor shall use eighty-three per cent of the scheduled depreciated value.

~~5.~~ (e) For the fifth and subsequent tax years of assessment, the assessor shall use the scheduled depreciated value as prescribed in the department's guidelines.

2. FOR PERSONAL PROPERTY THAT IS INITIALLY CLASSIFIED DURING OR AFTER TAX YEAR 2007 AS CLASS ONE, PARAGRAPH 8, 9, 10 OR 13 PURSUANT TO SECTION 42-12001 AND AS CLASS TWO (P) PURSUANT TO SECTION 42-12002:

1 (a) FOR THE FIRST TAX YEAR OF ASSESSMENT, THE ASSESSOR SHALL USE
2 THIRTY PER CENT OF THE SCHEDULED DEPRECIATED VALUE.

3 (b) FOR THE SECOND TAX YEAR OF ASSESSMENT, THE ASSESSOR SHALL USE
4 FORTY-SIX PER CENT OF THE SCHEDULED DEPRECIATED VALUE.

5 (c) FOR THE THIRD TAX YEAR OF ASSESSMENT, THE ASSESSOR SHALL USE
6 SIXTY-TWO PER CENT OF THE SCHEDULED DEPRECIATED VALUE.

7 (d) FOR THE FOURTH TAX YEAR OF ASSESSMENT, THE ASSESSOR SHALL USE
8 SEVENTY-EIGHT PER CENT OF THE SCHEDULED DEPRECIATED VALUE.

9 (e) FOR THE FIFTH TAX YEAR OF ASSESSMENT, THE ASSESSOR SHALL USE
10 NINETY-FOUR PER CENT OF THE SCHEDULED DEPRECIATED VALUE.

11 (f) FOR THE SIXTH AND SUBSEQUENT TAX YEARS OF ASSESSMENT, THE ASSESSOR
12 SHALL USE THE SCHEDULED DEPRECIATED VALUE AS PRESCRIBED IN THE DEPARTMENT'S
13 GUIDELINES.

14 C. The additional depreciation prescribed in subsection B of this
15 section:

- 16 1. Does not apply to any property valued by the department.
- 17 2. Shall not reduce the valuation below the minimum value prescribed
18 by the department for property in use.

19 Sec. 4. Section 42-15001, Arizona Revised Statutes, is amended to
20 read:

21 42-15001. Assessed valuation of class one property

22 The assessed valuation of class one property described in section
23 42-12001 is the following percentage of its full cash value or limited
24 valuation, as applicable:

- 25 1. Twenty-five per cent through December 31, 2005.
- 26 2. Twenty-four and one-half per cent beginning from and after December
27 31, 2005 through December 31, 2006.
- 28 3. Twenty-four per cent beginning from and after December 31, 2006
29 through December 31, 2007.
- 30 4. Twenty-three ~~and one-half~~ per cent beginning from and after
31 December 31, 2007 through December 31, 2008.
- 32 5. ~~Twenty-three~~ TWENTY-TWO per cent beginning from and after December
33 31, 2008 through December 31, 2009.
- 34 6. ~~Twenty-two and one-half~~ TWENTY-ONE per cent beginning from and
35 after December 31, 2009 through December 31, 2010.
- 36 7. ~~Twenty-two~~ TWENTY per cent beginning from and after December 31,
37 2010 ~~through December 31, 2011.~~
- 38 ~~8. Twenty-one and one-half per cent beginning from and after December~~
39 ~~31, 2011 through December 31, 2012.~~
- 40 ~~9. Twenty-one per cent beginning from and after December 31, 2012~~
41 ~~through December 31, 2013.~~
- 42 ~~10. Twenty and one-half per cent beginning from and after December 31,~~
43 ~~2013 through December 31, 2014.~~
- 44 ~~11. Twenty per cent beginning from and after December 31, 2014.~~

1 Sec. 5. Section 42-15006, Arizona Revised Statutes, is amended to
2 read:

3 42-15006. Assessed valuation of class six property

4 The assessed valuation of class six property described in
5 section 42-12006 is based on the following percentages to the full cash value
6 or limited valuation of class six property, as applicable:

7 1. Property described in section 42-12006, paragraphs 1, 2, 3, 5, 6
8 and 7, five per cent.

9 2. Property described in section 42-12006, paragraph 4:

10 (a) For primary property tax purposes, five per cent.

11 (b) Except as provided in subdivision (c), for secondary property tax
12 purposes:

13 (i) Twenty-five per cent through December 31, 2006.

14 (ii) Twenty-four per cent beginning from and after December 31, 2006
15 through December 31, 2007.

16 (iii) Twenty-three ~~and one-half~~ per cent beginning from and after
17 December 31, 2007 through December 31, 2008.

18 (iv) ~~Twenty-three~~ TWENTY-TWO per cent beginning from and after
19 December 31, 2008 through December 31, 2009.

20 (v) ~~Twenty-two and one-half~~ TWENTY-ONE per cent beginning from and
21 after December 31, 2009 through December 31, 2010.

22 (vi) ~~Twenty-two~~ TWENTY per cent beginning from and after December 31,
23 2010 ~~through December 31, 2011.~~

24 ~~(vii) Twenty-one and one-half per cent beginning from and after~~
25 ~~December 31, 2011 through December 31, 2012.~~

26 ~~(viii) Twenty-one per cent beginning from and after December 31, 2012~~
27 ~~through December 31, 2013.~~

28 ~~(ix) Twenty and one half per cent beginning from and after~~
29 ~~December 31, 2013 through December 31, 2014.~~

30 ~~(x) Twenty per cent beginning from and after December 31, 2014.~~

31 (c) If subdivision (b) is finally adjudicated to be invalid, for
32 secondary property tax purposes, five per cent.

33 Sec. 6. Section 43-401, Arizona Revised Statutes, is amended to read:

34 43-401. Withholding tax; rates; election by employee;
35 violation; classification

36 A. Except as provided by subsection B of this section, every employer
37 at the time of the payment of wages, salary, bonus or other emolument to any
38 employee whose compensation is for services performed within this state shall
39 deduct and retain from the compensation an amount equal to a percentage,
40 determined pursuant to subsection C of this section, of the total amount of
41 the federal income tax deducted and withheld by an employer from the total
42 value of such wages, bonus or other emolument of an employee under the
43 provisions of the United States internal revenue code computed without
44 deductions for any amount withheld.

1 B. An employer may voluntarily elect to not withhold tax during
2 December by notifying:

3 1. The department on a form prescribed by the department.

4 2. The employer's employees in writing in a manner prescribed by the
5 department.

6 C. The percentage deducted and retained under subsection A of this
7 section shall be:

8 1. If the employee's annual compensation is less than fifteen thousand
9 dollars, ten per cent, nineteen per cent, twenty-three per cent, twenty-five
10 per cent, thirty-one per cent or thirty-seven per cent, at the employee's
11 election pursuant to subsection F of this section.

12 2. If the employee's annual compensation is fifteen thousand dollars
13 or more, nineteen per cent, twenty-three per cent, twenty-five per cent,
14 thirty-one per cent or thirty-seven per cent, at the employee's election
15 pursuant to subsection F of this section.

16 3. Zero per cent at the election of an employee who had no state
17 income tax liability in the prior taxable year and expects to have no state
18 income tax liability for the current taxable year.

19 D. If the amount collected and payable by the employer to the
20 department in each of the preceding four calendar quarters did not exceed an
21 average of one thousand five hundred dollars, the amount collected shall be
22 paid to the department on or before April 30, July 31, October 31 and January
23 31 for the preceding calendar quarter. If such amount exceeded one thousand
24 five hundred dollars in each of the preceding four calendar quarters, the
25 employer shall pay to the department the amount the employer deducts and
26 retains pursuant to this section at the same time as the employer is required
27 to make deposits of federal tax pursuant to section 6302 of the internal
28 revenue code. On or before April 30, July 31, October 31 and January 31 each
29 year the employer shall reconcile the amounts payable during the preceding
30 calendar quarter in a manner prescribed by the department, except that if the
31 full amount collected and payable is paid timely to the department under this
32 subsection, the employer may reconcile the amounts on or before May 10,
33 August 10, November 10 and February 10 each year. The department by rule may
34 allow and determine which employers qualify for annual payments of
35 withholding taxes, with an annual report by the employer pursuant to section
36 43-412, subsection B, if the qualifying employer has established sufficient
37 payment history to indicate that the employer is current and in good standing
38 pursuant to standards established by rule. For any business which has not
39 had a withholding certificate for the four preceding consecutive quarters,
40 the quarterly average shall be computed in a manner prescribed by the
41 department.

42 E. If an employer fails to make a timely monthly payment because prior
43 to that reporting period it reported on a quarterly basis instead of on a
44 monthly basis, the department shall notify the employer that it is out of
45 compliance with this section. Notwithstanding section 42-1125, the

1 department shall not assess a penalty against an employer for failing to make
 2 a timely monthly payment if the employer had filed and remitted all taxes due
 3 on a quarterly basis and brings all filings and payments into current
 4 compliance within thirty days after being notified by the department.

5 F. Each employee shall elect the amount authorized by subsection C of
 6 this section to be withheld for application toward the employee's state
 7 income tax liability. The election provided under this subsection shall be
 8 exercised by each employee, in writing on a form prescribed by the
 9 department. The election shall be made within five days of employment. Each
 10 employer shall notify the employees of the election made available under this
 11 subsection and shall have election forms available at all times. Each form
 12 shall be completed in triplicate, with one copy each for the department, the
 13 employer and the employee. The employer shall file a copy of each completed
 14 form with the department. Any employee failing to complete an election form
 15 as prescribed shall be deemed to have elected the smallest applicable
 16 withholding percentage.

17 G. Before ~~October 1, 2005 and before~~ July 1 ~~OF~~ each year ~~thereafter~~,
 18 each employer who chooses to not withhold tax pursuant to subsection B of
 19 this section shall notify each employee that:

20 1. State income taxes will not be withheld from compensation in
 21 December.

22 2. The employee may elect to change the rate of withholding tax
 23 prescribed by this section to compensate for the resulting change in annual
 24 withholdings from the employee's compensation.

25 H. AT AN EMPLOYEE'S WRITTEN REQUEST, THE EMPLOYER MAY AGREE TO REDUCE
 26 THE AMOUNT WITHHELD UNDER THIS SECTION BY THE AMOUNT OF CREDIT THAT THE
 27 EMPLOYEE REPRESENTS TO THE EMPLOYER THAT THE EMPLOYEE WILL QUALIFY FOR AND BE
 28 ENTITLED TO UNDER SECTION 43-1089 OR 43-1089.01, OR BOTH. THE EMPLOYEE'S
 29 REQUEST MUST INCLUDE THE NAME AND ADDRESS OF THE QUALIFIED SCHOOL TUITION
 30 ORGANIZATION OR PUBLIC SCHOOL. WITHIN THIRTY DAYS AFTER AGREEING TO THE
 31 EMPLOYEE'S REQUEST, THE EMPLOYER SHALL REDUCE THE WITHHOLDING AMOUNT BY THE
 32 AMOUNT OF THE CREDIT, BUT NOT BELOW ZERO, PRORATED FOR THE NUMBER OF PAY
 33 PERIODS REMAINING IN THE EMPLOYEE'S TAXABLE YEAR AFTER THE EMPLOYEE MAKES THE
 34 REQUEST. IF AN EMPLOYER AGREES TO REDUCE THE WITHHOLDING AMOUNT PURSUANT TO
 35 THIS SUBSECTION AND PAY THE AMOUNT OF THE REDUCED WITHHOLDING TO THE
 36 EMPLOYEE'S DESIGNATED QUALIFIED SCHOOL TUITION ORGANIZATION OR PUBLIC SCHOOL:

37 1. WITHIN FIFTEEN DAYS AFTER THE END OF EACH QUARTER, THE EMPLOYER
 38 MUST PAY THE ENTIRE AMOUNT OF THE REDUCTION IN WITHHOLDING TAX FOR THAT
 39 QUARTER TO THE DESIGNATED SCHOOL TUITION ORGANIZATION OR PUBLIC SCHOOL.
 40 THESE PAYMENTS ARE CONSIDERED TO BE ON THE EMPLOYEE'S BEHALF, AND NOT THE
 41 EMPLOYER'S, FOR THE PURPOSES OF QUALIFYING FOR THE INCOME TAX CREDITS UNDER
 42 SECTIONS 43-1089 AND 43-1089.01.

43 2. THE EMPLOYEE IS RESPONSIBLE AND ACCOUNTABLE FOR THE ACCURACY AND
 44 THE AMOUNT OF REDUCTION IN WITHHOLDING TAX AND THE PAYMENTS TO THE SCHOOL
 45 TUITION ORGANIZATION OR PUBLIC SCHOOL.

3. THE EMPLOYER IS RESPONSIBLE AND ACCOUNTABLE TO THE SCHOOL TUITION ORGANIZATION OR PUBLIC SCHOOL, TO THE EMPLOYEE AND TO THE DEPARTMENT FOR ACTUALLY MAKING THE REQUIRED PAYMENTS.

4. WITHIN THIRTY DAYS AFTER THE END OF EACH CALENDAR YEAR, OR WITHIN FIFTEEN DAYS AFTER THE TERMINATION OF EMPLOYMENT, THE EMPLOYER MUST FURNISH TO EACH ELECTING EMPLOYEE AND TO THE DEPARTMENT A STATEMENT OF THE AMOUNT WITHHELD AND PAID ON BEHALF OF THE EMPLOYEE DURING THAT YEAR.

1. AN EMPLOYER THAT FRAUDULENTLY APPROPRIATES, OR THAT CONCEALS WITH A FRAUDULENT INTENT TO APPROPRIATE, TO ANY OTHER USE OR PURPOSE ANY PART OF REDUCED WITHHOLDING TAXES UNDER SUBSECTION H OF THIS SECTION IS GUILTY OF A CLASS 1 MISDEMEANOR.

Sec. 7. Section 43-1021, Arizona Revised Statutes, is amended to read:
43-1021. Additions to Arizona gross income

In computing Arizona adjusted gross income, the following amounts shall be added to Arizona gross income:

1. A beneficiary's share of the fiduciary adjustment to the extent that the amount determined by section 43-1333 increases the beneficiary's Arizona gross income.

2. An amount equal to the "ordinary income portion" of a lump sum distribution that was excluded from federal adjusted gross income pursuant to section 402(d) of the internal revenue code.

3. The amount of interest income received on obligations of any state, territory or possession of the United States, or any political subdivision thereof, located outside the state of Arizona, reduced, for tax years beginning from and after December 31, 1996, by the amount of any interest on indebtedness and other related expenses that were incurred or continued to purchase or carry those obligations and that are not otherwise deducted or subtracted in arriving at Arizona gross income.

4. Annuity income received during the taxable year to the extent that the sum of the proceeds received from such annuity in all taxable years prior to and including the current taxable year exceeds the total consideration and premiums paid by the taxpayer. This paragraph applies only to those annuities with respect to which the first payment was received prior to December 31, 1978.

5. The excess of a partner's share of partnership taxable income required to be included under chapter 14, article 2 of this title over the income required to be reported under section 702(a)(8) of the internal revenue code.

6. The excess of a partner's share of partnership losses determined pursuant to section 702(a)(8) of the internal revenue code over the losses allowable under chapter 14, article 2 of this title.

7. The amount by which the adjusted basis of property described in this paragraph and computed pursuant to the internal revenue code exceeds the adjusted basis of such property computed pursuant to this title and the income tax act of 1954, as amended. This paragraph shall apply to all

1 property which is held for the production of income and which is sold or
2 otherwise disposed of during the taxable year, except depreciable property
3 used in a trade or business.

4 8. The amount of depreciation or amortization of costs of any capital
5 investment that is deducted pursuant to section 167 or 179 of the internal
6 revenue code by a qualified defense contractor with respect to which an
7 election is made to amortize pursuant to section 43-1024.

8 9. The amount of gain from the sale or other disposition of a capital
9 investment which a qualified defense contractor has elected to amortize
10 pursuant to section 43-1024.

11 10. Amounts withdrawn from the Arizona state retirement system, the
12 corrections officer retirement plan, the public safety personnel retirement
13 system, the elected officials' retirement plan or a county or city retirement
14 plan by an employee upon termination of employment before retirement to the
15 extent they were deducted in arriving at Arizona taxable income in any year.

16 11. That portion of the net operating loss included in federal adjusted
17 gross income which has already been taken as a net operating loss for Arizona
18 purposes or which is separately taken as a subtraction under the special net
19 operating loss transition rule.

20 12. Any nonitemized amount deducted pursuant to section 170 of the
21 internal revenue code representing contributions to an educational
22 institution which denies admission, enrollment or board and room
23 accommodations on the basis of race, color or ethnic background except those
24 institutions primarily established for the education of American Indians.

25 13. The amount paid as taxes on property in this state with respect to
26 which a credit is claimed under section 43-1078.

27 14. Amounts withdrawn from a medical savings account by the individual
28 during the taxable year computed pursuant to section 220(f) of the internal
29 revenue code and not included in federal adjusted gross income.

30 15. Any amount of agricultural water conservation expenses that were
31 deducted pursuant to the internal revenue code for which a credit is claimed
32 under section 43-1084.

33 16. The amount by which the depreciation or amortization computed under
34 the internal revenue code with respect to property for which a credit was
35 taken under section 43-1080 exceeds the amount of depreciation or
36 amortization computed pursuant to the internal revenue code on the Arizona
37 adjusted basis of the property.

38 17. The amount by which the adjusted basis computed under the internal
39 revenue code with respect to property for which a credit was claimed under
40 section 43-1080 and which is sold or otherwise disposed of during the taxable
41 year exceeds the adjusted basis of the property computed under section
42 43-1080.

43 18. The amount by which the depreciation or amortization computed under
44 the internal revenue code with respect to property for which a credit was
45 taken under either section 43-1081 or 43-1081.01 exceeds the amount of

1 depreciation or amortization computed pursuant to the internal revenue code
2 on the Arizona adjusted basis of the property.

3 19. The amount by which the adjusted basis computed under the internal
4 revenue code with respect to property for which a credit was claimed under
5 section 43-1074.02, 43-1081 or 43-1081.01 and which is sold or otherwise
6 disposed of during the taxable year exceeds the adjusted basis of the
7 property computed under section 43-1074.02, 43-1081 or 43-1081.01, as
8 applicable.

9 20. The deduction referred to in section 1341(a)(4) of the internal
10 revenue code for restoration of a substantial amount held under a claim of
11 right.

12 21. The amount by which a net operating loss carryover or capital loss
13 carryover allowable pursuant to section 1341(b)(5) of the internal revenue
14 code exceeds the net operating loss carryover or capital loss carryover
15 allowable pursuant to section 43-1029, subsection F.

16 22. Any amount deducted pursuant to section 170 of the internal revenue
17 code representing contributions to a school tuition organization or a public
18 school for which a credit is claimed under section 43-1089 or 43-1089.01.

19 23. Any amount deducted in computing Arizona gross income as expenses
20 for installing solar stub outs or electric vehicle recharge outlets in this
21 state with respect to which a credit is claimed pursuant to section 43-1090.

22 24. Any wage expenses deducted pursuant to the internal revenue code
23 for which a credit is claimed under section 43-1087 and representing net
24 increases in qualified employment positions for employment of temporary
25 assistance for needy families recipients.

26 25. Any amount deducted for conveying ownership or development rights
27 of property to an agricultural preservation district under section 48-5702
28 for which a credit is claimed under section 43-1081.02.

29 26. The amount of any depreciation allowance allowed pursuant to
30 section 167(a) of the internal revenue code to the extent not previously
31 added.

32 27. With respect to property for which an expense deduction was taken
33 pursuant to section 179 of the internal revenue code, the amount in excess of
34 twenty-five thousand dollars.

35 28. The amount of any deductions that are claimed in computing federal
36 adjusted gross income representing expenses for which a credit is claimed
37 under section 43-1075.

38 29. The amount by which the depreciation or amortization computed under
39 the internal revenue code with respect to property for which a credit was
40 taken under section 43-1090.01 exceeds the amount of depreciation or
41 amortization computed pursuant to the internal revenue code on the Arizona
42 adjusted basis of the property.

43 30. The amount by which the adjusted basis computed under the internal
44 revenue code with respect to property for which a credit was claimed under
45 section 43-1090.01 and which is sold or otherwise disposed of during the

1 taxable year exceeds the adjusted basis of the property computed under
2 section 43-1090.01.

3 31. THE AMOUNT OF A NONQUALIFIED WITHDRAWAL, AS DEFINED IN SECTION
4 15-1871, FROM A COLLEGE SAVINGS PLAN ESTABLISHED PURSUANT TO SECTION 529 OF
5 THE INTERNAL REVENUE CODE THAT IS MADE TO A DISTRIBUTE TO THE EXTENT THE
6 AMOUNT IS NOT INCLUDED IN COMPUTING FEDERAL ADJUSTED GROSS INCOME, EXCEPT
7 THAT THE AMOUNT ADDED UNDER THIS PARAGRAPH SHALL NOT EXCEED THE DIFFERENCE IN
8 THE AMOUNT SUBTRACTED UNDER SECTION 43-1022 AND THE AMOUNT ADDED IN THE
9 PRECEDING TAXABLE YEAR.

10 Sec. 8. Section 43-1022, Arizona Revised Statutes, is amended to read:
11 43-1022. Subtractions from Arizona gross income

12 In computing Arizona adjusted gross income, the following amounts shall
13 be subtracted from Arizona gross income:

- 14 1. The amount of exemptions allowed by section 43-1023.
- 15 2. Benefits, annuities and pensions in an amount totaling not more
16 than two thousand five hundred dollars received DURING THE TAXABLE YEAR from
17 one or more of the following:
 - 18 (a) The United States government service retirement and disability
19 fund, retired or retainer pay of the uniformed services of the United States,
20 the United States foreign service retirement and disability system and any
21 other retirement system or plan established by federal law.
 - 22 (b) The Arizona state retirement system, the corrections officer
23 retirement plan, the public safety personnel retirement system, the elected
24 officials' retirement plan, an optional retirement program established by the
25 Arizona board of regents under section 15-1628, an optional retirement
26 program established by a community college district board under section
27 15-1451 or a retirement plan established for employees of a county, city or
28 town in this state.
- 29 3. A beneficiary's share of the fiduciary adjustment to the extent
30 that the amount determined by section 43-1333 decreases the beneficiary's
31 Arizona gross income.
- 32 4. The amount of any distributions from an individual retirement
33 account as provided for in section 408 of the internal revenue code or from a
34 qualified retirement plan of a self-employed individual as provided for in
35 section 401 of the internal revenue code to the extent that total adjustments
36 made pursuant to this paragraph in all tax years do not exceed the total of
37 all contributions made by the taxpayer to such plans prior to December 31,
38 1975, which were included in computing Arizona taxable income.
- 39 5. The amount of income on an installment receivable which is
40 recognized pursuant to the internal revenue code and which has already been
41 recognized on the death of the taxpayer for purposes of this title for tax
42 years ending before January 1, 1990.
- 43 6. Interest income received on obligations of the United States, less
44 any interest on indebtedness, or other related expenses, and deducted in

1 arriving at Arizona gross income, which were incurred or continued to
2 purchase or carry such obligations.

3 7. The amount of any income tax refunds which were received from
4 states other than Arizona and which were included as income in computing
5 federal adjusted gross income.

6 8. Annuity income included in federal adjusted gross income pursuant
7 to section 72 of the internal revenue code if the first payment with respect
8 to such annuity was received prior to December 31, 1978.

9 9. The excess of a partner's share of income required to be included
10 under section 702(a)(8) of the internal revenue code over the income required
11 to be included under chapter 14, article 2 of this title.

12 10. The excess of a partner's share of partnership losses determined
13 pursuant to chapter 14, article 2 of this title over the losses allowable
14 under section 702(a)(8) of the internal revenue code.

15 11. The amount by which the adjusted basis of property described in
16 this paragraph and computed pursuant to this title and the income tax act of
17 1954, as amended, exceeds the adjusted basis of such property computed
18 pursuant to the internal revenue code. This paragraph shall apply to all
19 property which is held for the production of income and which is sold or
20 otherwise disposed of during the taxable year other than depreciable property
21 used in a trade or business.

22 12. The amount allowed by section 43-1024 for amortization, by a
23 qualified defense contractor certified by the department of commerce under
24 section 41-1508, of a capital investment for private commercial activities.

25 13. The amount of gain included in federal adjusted gross income on the
26 sale or other disposition of a capital investment that a qualified defense
27 contractor has elected to amortize pursuant to section 43-1024.

28 14. The amount allowed by section 43-1025 for contributions during the
29 taxable year of agricultural crops to charitable organizations.

30 15. The portion of any wages or salaries paid or incurred by the
31 taxpayer for the taxable year that is equal to the amount of the federal work
32 opportunity credit, the empowerment zone employment credit, the credit for
33 employer paid social security taxes on employee cash tips and the Indian
34 employment credit that the taxpayer received under sections 45A, 45B, 51(a)
35 and 1396 of the internal revenue code.

36 16. The amount of prizes or winnings less than five thousand dollars in
37 a single taxable year from any of the state lotteries established and
38 operated pursuant to title 5, chapter 5, article 1, except that all such
39 winnings before March 22, 1983, including periodic distributions from such
40 winnings made after March 22, 1983, may be subtracted.

41 17. The amount of exploration expenses that is determined pursuant to
42 section 617 of the internal revenue code, that has been deferred in a taxable
43 year ending before January 1, 1990 and for which a subtraction has not
44 previously been made. The subtraction shall be made on a ratable basis as

1 the units of produced ores or minerals discovered or explored as a result of
2 this exploration are sold.

3 18. The amount included in federal adjusted gross income pursuant to
4 section 86 of the internal revenue code, relating to taxation of social
5 security and railroad retirement benefits.

6 19. To the extent not already excluded from Arizona gross income under
7 the internal revenue code, compensation received for active service as a
8 member of the reserves, THE national guard or the armed forces of the United
9 States, including compensation for service in a combat zone as determined
10 under section 112 of the internal revenue code.

11 20. The amount of unreimbursed medical and hospital costs, adoption
12 counseling, legal and agency fees and other nonrecurring costs of adoption
13 not to exceed three thousand dollars. In the case of a husband and wife who
14 file separate returns, the subtraction may be taken by either taxpayer or may
15 be divided between them, but the total subtractions allowed both husband and
16 wife shall not exceed three thousand dollars. The subtraction under this
17 paragraph may be taken for the costs that are described in this paragraph and
18 that are incurred in prior years, but the subtraction may be taken only in
19 the year during which the final adoption order is granted.

20 21. The amount authorized by section 43-1027 for the taxable year
21 relating to qualified wood stoves, wood fireplaces or gas fired fireplaces.

22 22. With respect to a medical savings account established pursuant to
23 section 43-1028:

24 (a) An eligible individual may subtract:

25 (i) The amount of contributions made by the individual's employer
26 during the taxable year to the individual's medical savings account pursuant
27 to section 43-1028 to the extent that the employer contributions are included
28 in the individual's federal adjusted gross income.

29 (ii) The amount deposited by the individual in the account during the
30 taxable year to the extent that the individual's contributions are included
31 in the individual's federal adjusted gross income.

32 (b) The individual's employer may subtract the amount of contributions
33 made by the employer to a medical savings account established on the
34 individual's behalf to the extent that the contributions are not deductible
35 under the internal revenue code.

36 23. The amount by which a net operating loss carryover or capital loss
37 carryover allowable pursuant to section 43-1029, subsection F exceeds the net
38 operating loss carryover or capital loss carryover allowable pursuant to
39 section 1341(b)(5) of the internal revenue code.

40 24. Any amount of qualified educational expenses that is distributed
41 from a qualified state tuition program determined pursuant to section 529 of
42 the internal revenue code and that is included in income in computing federal
43 adjusted gross income.

25. Any item of income resulting from an installment sale that has been properly subjected to income tax in another state in a previous taxable year and that is included in Arizona gross income in the current taxable year.

26. The amount authorized by section 43-1030 relating to holocaust survivors.

27. The amount authorized by section 43-1031 for constructing an energy efficient residence.

28. An amount equal to the depreciation allowable pursuant to section 167(a) of the internal revenue code for the taxable year computed as if the election described in section 168(k)(2)(D)(iii) of the internal revenue code had been made for each applicable class of property in the year the property was placed in service.

29. With respect to property that is sold or otherwise disposed of during the taxable year by a taxpayer that complied with section 43-1021, paragraph 26 with respect to that property, the amount of depreciation that has been allowed pursuant to section 167(a) of the internal revenue code to the extent that the amount has not already reduced Arizona taxable income in the current or prior taxable years.

30. With respect to property for which an adjustment was made under section 43-1021, paragraph 27, an amount equal to one-fifth of the amount of the adjustment pursuant to section 43-1021, paragraph 27 in the year in which the amount was adjusted under section 43-1021, paragraph 27 and in each of the following four years.

31. THE AMOUNT CONTRIBUTED DURING THE TAXABLE YEAR TO A COLLEGE SAVINGS PLAN ESTABLISHED PURSUANT TO SECTION 529 OF THE INTERNAL REVENUE CODE TO THE EXTENT THAT THE CONTRIBUTIONS WERE NOT DEDUCTED IN COMPUTING FEDERAL ADJUSTED GROSS INCOME. THE AMOUNT SUBTRACTED SHALL NOT EXCEED:

(a) TWO THOUSAND FIVE HUNDRED DOLLARS FOR A SINGLE INDIVIDUAL OR A HEAD OF HOUSEHOLD.

(b) FIVE THOUSAND DOLLARS FOR A MARRIED COUPLE FILING A JOINT RETURN. IN THE CASE OF A HUSBAND AND WIFE WHO FILE SEPARATE RETURNS, THE SUBTRACTION MAY BE TAKEN BY EITHER TAXPAYER OR MAY BE DIVIDED BETWEEN THEM, BUT THE TOTAL SUBTRACTIONS ALLOWED BOTH HUSBAND AND WIFE SHALL NOT EXCEED FIVE THOUSAND DOLLARS.

Sec. 9. Section 43-1074.01, Arizona Revised Statutes, is amended to read:

43-1074.01. Credit for increased research activities

A. A credit is allowed against the taxes imposed by this title in an amount determined pursuant to section 41 of the internal revenue code, except that:

1. The amount of the credit is based on the excess, if any, of the qualified research expenses for the taxable year over the base amount as defined in section 41(c) of the internal revenue code and is computed as follows:

(a) If the excess is two million five hundred thousand dollars or less, the credit is equal to ~~twenty~~ TWENTY-TWO per cent of that amount.

(b) If the excess is over two million five hundred thousand dollars, the credit is equal to five hundred FIFTY thousand dollars plus ~~eleven~~ THIRTEEN per cent of any amount exceeding two million five hundred thousand dollars, except that:

(i) For taxable years beginning from and after December 31, 2000 through December 31, 2001, the credit shall not exceed one million five hundred thousand dollars.

(ii) For taxable years beginning from and after December 31, 2001 through December 31, 2002, the credit shall not exceed two million five hundred thousand dollars.

2. Qualified research includes only research conducted in this state including research conducted at a university in this state and paid for by the taxpayer.

3. If two or more taxpayers, including partners in a partnership and shareholders of an S corporation, as defined in section 1361 of the internal revenue code, share in the eligible expenses, each taxpayer is eligible to receive a proportionate share of the credit.

4. The credit under this section applies only to expenses incurred from and after December 31, 2000.

5. The termination provisions of section 41 of the internal revenue code do not apply.

B. If the allowable credit under this section exceeds the taxes otherwise due under this title on the claimant's income, or if there are no taxes due under this title, the amount of the credit not used to offset taxes may be carried forward to the next fifteen consecutive taxable years. The amount of credit carryforward from taxable years beginning from and after December 31, 2000 through December 31, 2002 that may be used in any taxable year may not exceed the taxpayer's tax liability under this title or five hundred thousand dollars, whichever is less, minus the credit under this section for the current taxable year's qualified research expenses. The amount of credit carryforward from taxable years beginning from and after December 31, 2002 that may be used in any taxable year may not exceed the taxpayer's tax liability under this title minus the credit under this section for the current taxable year's qualified research expenses.

Sec. 10. Section 43-1088, Arizona Revised Statutes, is amended to read:

43-1088. Credit for contribution to charitable organization that provides assistance to the working poor; definitions

A. ~~For taxable years beginning from and after December 31, 1997,~~ A credit is allowed against the taxes imposed by this title for voluntary cash contributions made by the taxpayer during the taxable year to a qualifying

1 charitable organization ~~as determined pursuant to subsection F of this~~
 2 ~~section~~, but not exceeding:

3 1. Two hundred dollars in any taxable year for a single individual or
 4 a head of household.

5 ~~2. Three hundred dollars in taxable year 2005 for a married couple~~
 6 ~~filing a joint return.~~

7 ~~3.~~ 2. Four hundred dollars in ANY taxable year ~~2006 and any~~
 8 ~~subsequent year~~ for a married couple filing a joint return.

9 B. A husband and wife who file separate returns for a taxable year in
 10 which they could have filed a joint return may each claim only one-half of
 11 the tax credit that would have been allowed for a joint return.

12 C. If the allowable tax credit exceeds the taxes otherwise due under
 13 this title on the claimant's income, or if there are no taxes due under this
 14 title, the taxpayer may carry forward the amount of the claim not used to
 15 offset the taxes under this title for not more than five consecutive taxable
 16 years' income tax liability.

17 D. The credit allowed by this section:

18 1. IS ALLOWED ONLY IF THE TAXPAYER ITEMIZES DEDUCTIONS PURSUANT TO
 19 SECTION 43-1042 FOR THE TAXABLE YEAR.

20 2. Is in lieu of a deduction pursuant to section 170 of the internal
 21 revenue code and taken for state tax purposes.

22 E. Taxpayers taking a credit authorized by this section shall provide
 23 the name of the qualifying charitable organization and the amount of the
 24 contribution to the department of revenue on forms provided by the
 25 department.

26 ~~F. The credit under this section applies only to contributions to~~
 27 ~~qualifying charitable organizations that exceed the total amount deducted~~
 28 ~~pursuant to section 170 of the internal revenue code in the taxpayer's~~
 29 ~~baseline year. The taxpayer's baseline year is:~~

30 1. ~~The 1996 taxable year if the taxpayer deducted charitable~~
 31 ~~contributions pursuant to section 170 of the internal revenue code in the~~
 32 ~~1996 taxable year.~~

33 2. ~~If the taxpayer did not deduct charitable contributions pursuant to~~
 34 ~~section 170 of the internal revenue code in the 1996 taxable year, the~~
 35 ~~taxpayer's baseline year is the first taxable year after 1996 that the~~
 36 ~~taxpayer deducted charitable contributions pursuant to section 170 of the~~
 37 ~~internal revenue code.~~

38 ~~G.~~ F. A qualifying charitable organization shall provide the
 39 department of revenue with a written certification that it meets all criteria
 40 to be considered a qualifying charitable organization. The organization
 41 shall also notify the department of any changes that may affect the
 42 qualifications under this section.

43 G. THE CHARITABLE ORGANIZATION'S WRITTEN CERTIFICATION MUST BE SIGNED
 44 BY AN OFFICER OF THE ORGANIZATION UNDER PENALTY OF PERJURY. THE WRITTEN
 45 CERTIFICATION MUST INCLUDE THE FOLLOWING:

1 1. VERIFICATION OF THE ORGANIZATION'S STATUS UNDER SECTION 501(c)(3)
2 OF THE INTERNAL REVENUE CODE, OR VERIFICATION THAT THE ORGANIZATION IS A
3 DESIGNATED COMMUNITY ACTION AGENCY THAT RECEIVES COMMUNITY SERVICES BLOCK
4 GRANT PROGRAM MONIES PURSUANT TO 42 UNITED STATES CODE SECTION 9901.

5 2. FINANCIAL DATA INDICATING THE ORGANIZATION'S BUDGET FOR THE
6 ORGANIZATION'S PRIOR OPERATING YEAR AND THE AMOUNT OF THAT BUDGET SPENT ON
7 SERVICES TO RESIDENTS OF THIS STATE WHO RECEIVE TEMPORARY ASSISTANCE FOR
8 NEEDY FAMILIES BENEFITS OR WHO ARE LOW INCOME RESIDENTS OF THIS STATE.

9 3. A STATEMENT THAT THE ORGANIZATION PLANS TO CONTINUE SPENDING AT
10 LEAST FIFTY PER CENT OF ITS BUDGET ON SERVICES TO RESIDENTS OF THIS STATE WHO
11 RECEIVE TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BENEFITS OR WHO ARE LOW
12 INCOME RESIDENTS OF THIS STATE.

13 H. THE DEPARTMENT SHALL REVIEW EACH WRITTEN CERTIFICATION AND
14 DETERMINE WHETHER THE ORGANIZATION MEETS ALL THE CRITERIA TO BE CONSIDERED A
15 QUALIFYING CHARITABLE ORGANIZATION AND NOTIFY THE ORGANIZATION OF ITS
16 DETERMINATION. THE DEPARTMENT MAY ALSO PERIODICALLY REQUEST RECERTIFICATION
17 FROM THE ORGANIZATION. The department shall compile and make available to
18 the public a list of the qualifying organizations.

19 ~~H.~~ I. For the purposes of this section:

20 1. "Low income residents" means persons whose household income is less
21 than one hundred fifty per cent of the federal poverty level.

22 2. "Qualifying charitable organization" means a charitable
23 organization that is exempt from federal income taxation under section
24 501(c)(3) of the internal revenue code or is a designated community action
25 agency that receives community services block grant program monies pursuant
26 to 42 United States Code section 9901. The organization must spend at least
27 fifty per cent of its budget on services to residents of this state who
28 receive temporary assistance for needy families benefits or low income
29 residents of this state and their households. Taxpayers choosing to make
30 donations through an umbrella charitable organization that collects donations
31 on behalf of member charities shall designate that the donation be directed
32 to a member charitable organization that would qualify under this section on
33 a stand-alone basis.

34 3. "Services" means cash assistance, medical care, child care, food,
35 clothing, shelter, job placement and job training services or any other
36 assistance that is reasonably necessary to meet immediate basic needs and
37 that is provided and used in this state.

38 Sec. 11. Section 43-1089, Arizona Revised Statutes, is amended to
39 read:

40 43-1089. Credit for contributions to school tuition
41 organization; definitions

42 A. A credit is allowed against the taxes imposed by this title for the
43 amount of voluntary cash contributions ~~made~~ by the taxpayer OR ON THE
44 TAXPAYER'S BEHALF PURSUANT TO SECTION 43-401, SUBSECTION H during the taxable
45 year to a school tuition organization, but not exceeding:

1 1. Five hundred dollars in any taxable year for a single individual or
2 a head of household.

3 2. Eight hundred twenty-five dollars in taxable year 2005 for a
4 married couple filing a joint return.

5 3. One thousand dollars in taxable year 2006 and any subsequent
6 TAXABLE year for a married couple filing a joint return.

7 B. A husband and wife who file separate returns for a taxable year in
8 which they could have filed a joint return may each claim only one-half of
9 the tax credit that would have been allowed for a joint return.

10 C. If the allowable tax credit exceeds the taxes otherwise due under
11 this title on the claimant's income, or if there are no taxes due under this
12 title, the taxpayer may carry the amount of the claim not used to offset the
13 taxes under this title forward for not more than five consecutive taxable
14 years' income tax liability.

15 D. The credit allowed by this section is in lieu of any deduction
16 pursuant to section 170 of the internal revenue code and taken for state tax
17 purposes.

18 E. The tax credit is not allowed if the taxpayer designates the
19 taxpayer's contribution to the school tuition organization for the direct
20 benefit of any dependent of the taxpayer.

21 F. A school tuition organization that receives a voluntary cash
22 contribution pursuant to subsection A shall report to the department, in a
23 form prescribed by the department, by February 28 of each year the following
24 information:

25 1. The name, address and contact name of the school tuition
26 organization.

27 2. The total number of contributions received during the previous
28 calendar year.

29 3. The total dollar amount of contributions received during the
30 previous calendar year.

31 4. The total number of children awarded educational scholarships or
32 tuition grants during the previous calendar year.

33 5. The total dollar amount of educational scholarships and tuition
34 grants awarded during the previous calendar year.

35 6. For each school to which educational scholarships or tuition grants
36 were awarded:

37 (a) The name and address of the school.

38 (b) The number of educational scholarships and tuition grants awarded
39 during the previous calendar year.

40 (c) The total dollar amount of educational scholarships and tuition
41 grants awarded during the previous calendar year.

42 G. FOR THE PURPOSES OF THIS SECTION, A CONTRIBUTION, FOR WHICH A
43 CREDIT IS CLAIMED, THAT IS MADE ON OR BEFORE THE FIFTEENTH DAY OF THE FOURTH
44 MONTH FOLLOWING THE CLOSE OF THE TAXABLE YEAR MAY BE APPLIED TO EITHER THE
45 CURRENT OR THE PRECEDING TAXABLE YEAR AT THE TAXPAYER'S ELECTION. A CREDIT

1 APPLIED TO THE PRECEDING TAXABLE YEAR IS CONSIDERED TO HAVE BEEN MADE ON THE
2 LAST DAY OF THAT TAXABLE YEAR.

3 ~~G.~~ H. For the purposes of this section:

4 1. "Handicapped student" means a student who has any of the following
5 conditions:

6 (a) Hearing impairment.

7 (b) Visual impairment.

8 (c) Preschool moderate delay.

9 (d) Preschool severe delay.

10 (e) Preschool speech or language delay.

11 2. "Qualified school" means a nongovernmental primary school or
12 secondary school or a preschool for handicapped students that is located in
13 this state, that does not discriminate on the basis of race, color, handicap,
14 familial status or national origin and that satisfies the requirements
15 prescribed by law for private schools in this state on January 1, 1997.

16 3. "School tuition organization" means a charitable organization in
17 this state that is exempt from federal taxation under section 501(c)(3) of
18 the internal revenue code and that allocates at least ninety per cent of its
19 annual revenue for educational scholarships or tuition grants to children to
20 allow them to attend any qualified school of their parents' choice. In
21 addition, to qualify as a school tuition organization the charitable
22 organization shall provide educational scholarships or tuition grants to
23 students without limiting availability to only students of one school.

24 Sec. 12. Section 43-1089.01, Arizona Revised Statutes, is amended to
25 read:

26 43-1089.01. Tax credit: public school fees and contributions:
27 definitions

28 A. A credit is allowed against the taxes imposed by this title for the
29 amount of any fees or cash contributions ~~made~~ by a taxpayer **OR ON THE**
30 **TAXPAYER'S BEHALF PURSUANT TO SECTION 43-401, SUBSECTION H** during the taxable
31 year to a public school located in this state for the support of
32 extracurricular activities or character education programs of the public
33 school, but not exceeding:

34 1. Two hundred dollars for a single individual or a head of household.

35 2. Three hundred dollars in taxable year 2005 for a married couple
36 filing a joint return.

37 3. Four hundred dollars in taxable year 2006 and any subsequent
38 **TAXABLE** year for a married couple filing a joint return.

39 B. A husband and wife who file separate returns for a taxable year in
40 which they could have filed a joint return may each claim only one-half of
41 the tax credit that would have been allowed for a joint return.

42 C. The credit allowed by this section is in lieu of any deduction
43 pursuant to section 170 of the internal revenue code and taken for state tax
44 purposes.

D. If the allowable tax credit exceeds the taxes otherwise due under this title on the claimant's income, or if there are no taxes due under this title, the taxpayer may carry the amount of the claim not used to offset the taxes under this title forward for not more than five consecutive taxable years' income tax liability.

E. The site council of the public school that receives contributions that are not designated for a specific purpose shall determine how the contributions are used at the school site. If a charter school does not have a site council, the principal, director or chief administrator of the charter school shall determine how the contributions that are not designated for a specific purpose are used at the school site.

F. A public school that receives fees or a cash contribution pursuant to subsection A of this section shall report to the department, in a form prescribed by the department, by February 28 of each year the following information:

1. The total number of fee and cash contribution payments received during the previous calendar year.

2. The total dollar amount of fees and contributions received during the previous calendar year.

3. The total dollar amount of fees and contributions spent by the school during the previous calendar year.

G. FOR THE PURPOSES OF THIS SECTION, A CONTRIBUTION, FOR WHICH A CREDIT IS CLAIMED, THAT IS MADE ON OR BEFORE THE FIFTEENTH DAY OF THE FOURTH MONTH FOLLOWING THE CLOSE OF THE TAXABLE YEAR MAY BE APPLIED TO EITHER THE CURRENT OR THE PRECEDING TAXABLE YEAR AT THE TAXPAYER'S ELECTION. A CREDIT APPLIED TO THE PRECEDING TAXABLE YEAR IS CONSIDERED TO HAVE BEEN MADE ON THE LAST DAY OF THAT TAXABLE YEAR.

~~G.~~ H. For the purposes of this section:

1. "Character education programs" means a program described in section 15-719.

2. "Extracurricular activities" means school sponsored activities that require enrolled students to pay a fee in order to participate including fees for:

(a) Band uniforms.

(b) Equipment or uniforms for varsity athletic activities.

(c) Scientific laboratory materials.

(d) In-state or out-of-state trips that are solely for competitive events. Extracurricular activities do not include any senior trips or events that are recreational, amusement or tourist activities.

Sec. 13. Section 43-1111, Arizona Revised Statutes, is amended to read:

43-1111. Tax rates for corporations

There shall be levied, collected and paid for each taxable year upon the entire Arizona taxable income of every corporation, unless exempt under section 43-1126 or 43-1201 or as otherwise provided in this title or by law,

1 taxes in an amount of ~~6.968~~ 6.8 per cent of net income or fifty dollars,
2 whichever is greater.

3 Sec. 14. Section 43-1168, Arizona Revised Statutes, is amended to
4 read:

5 43-1168. Credit for increased research activities

6 A. A credit is allowed against the taxes imposed by this title in an
7 amount determined pursuant to section 41 of the internal revenue code, except
8 that:

9 1. The amount of the credit is computed as follows:

10 (a) Add:

11 (i) The excess, if any, of the qualified research expenses for the
12 taxable year over the base amount as defined in section 41(c) of the internal
13 revenue code.

14 (ii) The basic research payments determined under section 41(e)(1)(A)
15 of the internal revenue code.

16 (b) If the sum computed under subdivision (a) is two million five
17 hundred thousand dollars or less, the credit is equal to ~~twenty~~ TWENTY-TWO
18 per cent of that amount.

19 (c) If the sum computed under subdivision (a) is over two million five
20 hundred thousand dollars, the credit is equal to five hundred FIFTY thousand
21 dollars plus ~~eleven~~ THIRTEEN per cent of any amount exceeding two million
22 five hundred thousand dollars, except that:

23 (i) For taxable years beginning from and after December 31, 2000
24 through December 31, 2001, the credit shall not exceed one million five
25 hundred thousand dollars.

26 (ii) For taxable years beginning from and after December 31, 2001
27 through December 31, 2002, the credit shall not exceed two million five
28 hundred thousand dollars.

29 2. Qualified research includes only research conducted in this state
30 including research conducted at a university in this state and paid for by
31 the taxpayer.

32 3. If two or more taxpayers, including corporate partners in a
33 partnership, share in the eligible expenses, each taxpayer is eligible to
34 receive a proportionate share of the credit.

35 4. The credit under this section applies only to expenses incurred
36 from and after December 31, 1993.

37 5. The termination provisions of section 41 of the internal revenue
38 code do not apply.

39 B. If the allowable credit under this section exceeds the taxes
40 otherwise due under this title on the claimant's income, or if there are no
41 taxes due under this title, the amount of the credit not used to offset taxes
42 may be carried forward to the next fifteen consecutive taxable years. The
43 amount of credit carryforward from taxable years beginning from and after
44 December 31, 2000 through December 31, 2002 that may be used under this
45 subsection in any taxable year may not exceed the taxpayer's tax liability

1 under this title or five hundred thousand dollars, whichever is less, minus
 2 the credit under this section for the current taxable year's qualified
 3 research expenses. The amount of credit carryforward from taxable years
 4 beginning from and after December 31, 2002 that may be used under this
 5 subsection in any taxable year may not exceed the taxpayer's tax liability
 6 under this title minus the credit under this section for the current taxable
 7 year's qualified research expenses.

8 C. If a taxpayer has qualified research expenses that are carried
 9 forward from taxable years beginning before January 1, 2001, the amount of
 10 the expenses carried forward shall be converted to a credit carryforward by
 11 multiplying the amount of the qualified expenses carried forward by twenty
 12 per cent. A credit carryforward determined under this subsection may be
 13 carried forward to not more than fifteen years from the year in which the
 14 expenses were incurred. The amount of credit carryforward from taxable years
 15 beginning before January 1, 2001 that may be used under this subsection in
 16 any taxable year may not exceed the taxpayer's tax liability under this title
 17 or five hundred thousand dollars, whichever is less, minus the credit under
 18 this section for the current taxable year's qualified research expenses. The
 19 total amount of credit carryforward from taxable years beginning before
 20 January 1, 2003 that may be used in any taxable year under ~~the provisions of~~
 21 subsection B and this subsection may not exceed the taxpayer's tax liability
 22 under this title or five hundred thousand dollars, whichever is less, minus
 23 the credit under this section for the current taxable year's qualified
 24 research expenses.

25 Sec. 15. Section 43-1183, Arizona Revised Statutes, is amended to
 26 read:

27 43-1183. Credit for contributions to school tuition
 28 organization; definitions

29 A. Beginning from and after June 30, 2006 through June 30, 2011, a
 30 credit is allowed against the taxes imposed by this title for the amount of
 31 voluntary cash contributions made by the taxpayer during the taxable year to
 32 a school tuition organization.

33 B. The amount of the credit is the total amount of the taxpayer's
 34 contributions for the taxable year under subsection A of this section and is
 35 preapproved by the department pursuant to subsection D of this section.

36 C. The department:

37 1. Shall not allow tax credits under this section **AND SECTION**
 38 **20-224.07** that exceed in the aggregate, ~~a~~ a combined total of ten million
 39 dollars in any fiscal year. Beginning in fiscal year 2007-2008, the aggregate
 40 **DOLLAR** amount of the tax credit cap from the previous fiscal year shall be
 41 annually increased by twenty per cent.

42 2. Shall preapprove tax credits **UNDER THIS SECTION AND SECTION**
 43 **20-224.07** subject to subsection D of this section.

44 3. Shall allow the tax credits **UNDER THIS SECTION AND SECTION**
 45 **20-224.07** on a first come, first served basis.

1 D. For the purposes of subsection C, paragraph 2 of this section,
2 before making a contribution to a school tuition organization, the taxpayer
3 ~~shall~~ UNDER THIS TITLE OR TITLE 20 MUST notify the school tuition
4 organization of the total amount of contributions that the taxpayer intends
5 to make to the school tuition organization. Before accepting the
6 contribution, the school tuition organization shall request preapproval from
7 the department for the taxpayer's intended contribution amount. The
8 department shall preapprove or deny the requested amount within twenty days
9 after receiving the request from the school tuition organization. If the
10 department preapproves the request, the school tuition organization shall
11 immediately notify the taxpayer, AND THE DEPARTMENT OF INSURANCE IN THE CASE
12 OF A CREDIT UNDER SECTION 20-224.07, that the requested amount was
13 preapproved by the department OF REVENUE. In order to receive a tax credit
14 under this subsection, the taxpayer shall make the contribution to the school
15 tuition organization within ten days after receiving notice from the school
16 tuition organization that the requested amount was preapproved. If the
17 school tuition organization does not receive the preapproved contribution
18 from the taxpayer within the required ten days, the school tuition
19 organization shall immediately notify the department OF REVENUE, AND THE
20 DEPARTMENT OF INSURANCE IN THE CASE OF A CREDIT UNDER SECTION 20-224.07, and
21 the department OF REVENUE shall no longer include this preapproved
22 contribution amount when calculating the limit prescribed in subsection C,
23 paragraph 1 of this section.

24 E. A school tuition organization that receives contributions under
25 this section OR SECTION 20-224.07 shall allow the department OF REVENUE to
26 verify that the educational scholarships and tuition grants that are issued
27 pursuant to this section are awarded to students who attend a qualified
28 school.

29 F. If the allowable tax credit exceeds the taxes otherwise due under
30 this title on the claimant's income, or if there are no taxes due under this
31 title, the taxpayer may carry the amount of the claim not used to offset the
32 taxes under this title forward for not more than five consecutive taxable
33 years' income tax liability.

34 G. Co-owners of a business, including corporate partners in a
35 partnership, may each claim only the pro rata share of the credit allowed
36 under this section based on the ownership interest. The total of the credits
37 allowed all such owners may not exceed the amount that would have been
38 allowed a sole owner.

39 H. The credit allowed by this section is in lieu of any deduction
40 pursuant to section 170 of the internal revenue code and taken for state tax
41 purposes.

42 I. The tax credit is not allowed if the taxpayer designates the
43 taxpayer's contribution to the school tuition organization for the direct
44 benefit of any specific student.

1 J. A school tuition organization that receives contributions under
2 this section [OR SECTION 20-224.07](#) shall use at least ninety per cent of those
3 contributions to provide educational scholarships or tuition grants only to
4 children whose family income does not exceed one hundred eighty-five per cent
5 of the income limit required to qualify a child for reduced price lunches
6 under the national school lunch and child nutrition acts (42 United States
7 Code sections 1751 through 1785) and who either:

8 1. Attended a governmental primary or secondary school as a full-time
9 student as defined in section 15-901 for at least the first one hundred days
10 of the prior fiscal year and transferred from a governmental primary or
11 secondary school to a qualified school.

12 2. Enroll in a qualified school in a kindergarten program.

13 3. Received an educational scholarship or tuition grant under
14 paragraph 1 or 2 of this subsection if the children continue to attend a
15 qualified school in a subsequent year.

16 K. In 2006, a school tuition organization shall not issue an
17 educational scholarship or a tuition grant in an amount that exceeds four
18 thousand two hundred dollars for students in a kindergarten program or grades
19 one through eight or five thousand five hundred dollars for students in
20 grades nine through twelve. In each year after 2006, the limitation amount
21 for a scholarship or a grant under this subsection shall be increased by one
22 hundred dollars.

23 L. A child is still eligible to receive an educational scholarship or
24 tuition grant under subsection J of this section if the child meets the
25 criteria to receive a reduced price lunch but does not actually claim that
26 benefit.

27 M. The school tuition organization shall require that the children use
28 the educational scholarships or tuition grants on a full-time basis. If a
29 child leaves the qualified school before completing an entire school year,
30 the qualified school shall refund a prorated amount of the educational
31 scholarship or tuition grant to the school tuition organization that issued
32 the educational scholarship or tuition grant to the child. Any refunds
33 received by the school tuition organization under this subsection shall be
34 allocated for educational scholarships or tuition grants to qualified
35 children in the following year.

36 N. Children who receive educational scholarships or tuition grants
37 under this section shall be allowed to attend any qualified school of their
38 parents' choice.

39 O. A school tuition organization that receives a voluntary cash
40 contribution pursuant to ~~subsection A of~~ this section [OR SECTION 20-224.07](#)
41 shall report to the department [OF REVENUE AND THE DEPARTMENT OF INSURANCE](#), in
42 a form prescribed by the department [OF REVENUE](#), by June 30 of each year the
43 following information:

44 1. The name, address and contact name of the school tuition
45 organization.

1 2. The total number of contributions received during the previous
2 calendar year, IDENTIFIED FOR THE PURPOSES OF THIS SECTION OR SECTION
3 20-224.07.

4 3. The total dollar amount of contributions received during the
5 previous calendar year, IDENTIFIED FOR THE PURPOSES OF THIS SECTION OR
6 SECTION 20-224.07.

7 4. The total number of children awarded educational scholarships or
8 tuition grants during the previous calendar year.

9 5. The total dollar amount of educational scholarships and tuition
10 grants awarded during the previous calendar year.

11 6. For each school to which educational scholarships or tuition grants
12 were awarded:

13 (a) The name and address of the school.

14 (b) The number of educational scholarships and tuition grants awarded
15 during the previous calendar year.

16 (c) The total dollar amount of educational scholarships and tuition
17 grants awarded during the previous calendar year.

18 7. Verification that an independent review of financial statements
19 according to generally accepted accounting principles was completed by a
20 certified public accountant for the previous calendar year.

21 P. The department OF REVENUE, WITH THE COOPERATION OF THE DEPARTMENT
22 OF INSURANCE, shall adopt rules AND PUBLISH AND PRESCRIBE FORMS AND
23 PROCEDURES necessary for the administration of this section.

24 Q. For the purposes of this section:

25 1. "Qualified school" means a nongovernmental primary school or
26 secondary school:

27 (a) That is located in this state, that does not discriminate on the
28 basis of race, color, handicap, familial status or national origin and that
29 satisfies the requirements prescribed by law for private schools in this
30 state on January 1, 2005.

31 (b) That annually administers and makes available to the public the
32 aggregate test scores of its students on a nationally standardized
33 norm-referenced achievement test, preferably the Arizona instrument to
34 measure standards test administered pursuant to section 15-741.

35 (c) That requires all teaching staff and any personnel that have
36 unsupervised contact with students to be fingerprinted.

37 2. "School tuition organization" means a charitable organization in
38 this state that both:

39 (a) Is exempt from federal taxation under section 501(c)(3) of the
40 internal revenue code and that allocates ninety per cent of its annual
41 revenue for educational scholarships or tuition grants to children to allow
42 them to attend any qualified school of their parents' choice.

43 (b) Provides educational scholarships or tuition grants to students
44 without limiting availability to only students of one school.

1 Sec. 16. Fee and assessment adjustments: department of
 2 insurance: state real estate department: 2007-2008:
 3 retroactivity

4 A. Notwithstanding section 20-167, subsection F, Arizona Revised
 5 Statutes, and section 20-466, subsection J, Arizona Revised Statutes, the
 6 director of insurance shall not revise fees or assessments in fiscal year
 7 2007-2008 for the purposes of meeting the requirement to recover at least
 8 ninety-five per cent but not more than one hundred ten per cent of the
 9 department of insurance's appropriated budget.

10 B. Notwithstanding section 32-2103, subsection B, Arizona Revised
 11 Statutes, the state real estate commissioner shall not revise fees in fiscal
 12 year 2007-2008 for the purposes of meeting the requirement to recover at
 13 least ninety-five per cent but not more than one hundred ten per cent of the
 14 state real estate department's appropriated budget.

15 C. This section is effective retroactively to from and after June 30,
 16 2007.

17 Sec. 17. Prior insurance premium tax credit obtained for
 18 increased employment in enterprise zones or military
 19 reuse zones

20 Notwithstanding section 20-224.06, subsection C, Arizona Revised
 21 Statutes, as added by this act, an insurer may claim a tax credit pursuant to
 22 section 20-224.03 or 20-224.04, Arizona Revised Statutes, for net increases
 23 in qualified employment positions created by an insurer before the effective
 24 date of section 20-224.06, Arizona Revised Statutes, as added by this act.

25 Sec. 18. Recertification process

26 All charitable organizations that have previously submitted a written
 27 certification under section 43-1088, Arizona Revised Statutes, as amended by
 28 this act, must send the department of revenue another written certification
 29 containing all of the information required under section 43-1088, subsection
 30 G, Arizona Revised Statutes, as amended by this act. The department of
 31 revenue shall determine whether the organization meets all the criteria to be
 32 considered a qualifying charitable organization and notify the organization
 33 of its determination. An organization that fails to comply with this
 34 section:

35 1. No longer qualifies as a qualifying organization, and the
 36 department of revenue shall remove the organization from the department's
 37 published list.

38 2. May be added to the department of revenue's list if, at a later
 39 date, it submits a written certification that complies with section 43-1088,
 40 subsections F and G, Arizona Revised Statutes, as amended by this act, and
 41 the department of revenue determines that the organization is a qualifying
 42 organization.

43 Sec. 19. Short title

44 This act shall be known and may be cited as the "2007 Economic Stimulus
 45 and Education Investment Act".

1 Sec. 20. Retroactivity

2 Sections 43-1021, 43-1022 and 43-1111, Arizona Revised Statutes, as
3 amended by this act, apply retroactively to taxable years beginning from and
4 after December 31, 2006.

5 Sec. 21. Effective date

6 Sections 42-2001, 43-401, 43-1074.01, 43-1088 and 43-1168, Arizona
7 Revised Statutes, as amended by this act, are effective from and after
8 December 31, 2007.